

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1247 - SB 1350

February 22, 2014

**SUMMARY OF ORIGINAL BILL:** Reduces, from 30 days to 10 days, the time period in which all commercial lines insurance issuers are required, upon receiving a written request from an insured party, to furnish a copy of such insured's loss run history. Increases, from 3 to 5 years, the period of time in which such loss run history must cover. If the loss run history of an insured is less than five years, the insurer must provide a complete loss run history. Requires the Commissioner of Commerce and Insurance to assess a penalty of \$250 against an insurer for not providing the loss run history in the provisions, as stated; provided, each day of continued violation shall constitute a separate violation. Prior to assessing the penalty, the Commissioner is required to provide written notice to the insurer involved, stating specifically the nature of the alleged violation and set a time and place to hold a hearing on the matter. The burden of proof shall lie on the Commissioner to show a violation has occurred, by a preponderance of the evidence. After the hearing, or upon failure of the insurer to appear at such hearing, the Commissioner shall enter an appropriate order assessing the applicable penalty.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENTS (012611, 011696):** Deletes the original bill. Reduces, from 30 to 10, the number of days in which a commercial lines insurer is required to directly furnish a copy, as receipt of request, of an insured's three-year loss run history, or complete loss run history if the history is less than three years. If the insurer is unable to provide any such loss run history in the allotted time of 10 days, it shall constitute a violation of the Unfair Trade Practices and Unfair Claims Settlement Act of 2009 and may be penalized by the Commissioner under rules found in Tenn. Code Ann. § 56-2-305. Amendment 012611 makes grammatical changes to amendment 011696.

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## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- According to the Department of Commerce and Insurance, it can conduct case hearings to enforce the civil penalties, as laid out by this bill, within existing resources.
- Any civil penalties enforced will be minimal and will not result in a significant increase in revenue.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENTS:**

### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- Requiring commercial lines insurers to produce loss run histories in a reduced time period will not result in any significant increase in costs. Such reports can generally be produced by computer automation.
- Any civil penalties enforced will be minimal and will not result in a significant increase in business expenses for commercial lines insurers.
- This bill will have no significant impact on commerce or jobs within this state.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb